# Improving the Patient Payment Experience

hfma healthcare financial management association

As patients shoulder greater financial responsibility for their health care, hospitals and health systems should be looking to improve the ways they communicate about and receive patient payment. Although many providers have worked to refine statement format and clarity, there are still significant opportunities to educate patients about their financial obligations and make the payment process easier and more secure. With this in mind, this HFMA Executive Roundtable, sponsored by Elavon, explores ways to elevate the patient financial experience with several industry leaders offering insights and strategies for enhancing customer communication and streamlining and securing payment.

**To set the stage for discussion, have you noticed any differences in the amount of self- pay payments you are seeing?**

**Deborah A. Essex-Willocks:** We are definitely observing a significant increase in patient payment, but in a much different context than before. While we still have purely self-pay patients, we are seeing more individuals enrolled in a health plan who owe a large balance due to their plan's high deductible. Nationally, about 17 million patients are enrolled in high-deductible health plans, and enrollment is growing around 15 percent each year. Moreover, deductible amounts have gone up nearly 50 percent since 2009 and now average between $1,000 to $2,000. This rise in patient payment represents a substantial departure for the industry. Until recently, insured patients had very little role in healthcare revenue, with a patient paying a minimal copay if anything at all. Whereas we used to worry about managing payments from insurers, now we have to also focus on managing payments from patients—and there are a lot more of them.

**Torrey Sundall:** In addition to greater patient payment, we are also seeing an overall increase in patient volume as more people sign up for health insurance—through the Affordable Care Act and Medicaid expansion. In some instances, these individuals are taking the opportunity to get care that they may have previously delayed or declined. When you consider this upsurge in volume along with patient responsibility growth, it is clear that the amount of money tied to patient payment is escalating.

**Rustin Fichtner:** We, too, are noticing a surge in patient responsibility among our clients, and that trend is probably going to continue. As such, hospitals and health systems should be putting robust processes in place to collect patient payments throughout the revenue cycle. For example, implementing multi-channel payment acceptance can improve overall patient collections performance and yield valuable information about patient payment preferences.

## PARTICIPANTS IN THIS HFMA EXECUTIVE ROUNDTABLE

**Danielle Andujar** is director of patient access for Novant Health in Charlotte, N.C.

**Chad Bloomberg** is application manager, revenue cycle for Allina Health in Minneapolis.

**Deborah A. Essex-Willocks** is revenue cycle director for Aspen Valley Hospital in Aspen, Colo.

**Rustin Fichtner** is general manager and senior vice president of healthcare services for Elavon, Atlanta.

**Torrey D. Sundall** is enterprise executive director of patient financial services for Sanford Health in Sioux Falls, S.D.

### How does patient payment collection differ from what is seen with commercial or government payers?

**Fichtner:** A key differentiator for patient versus payer payment is that contracts typically govern insurance payments, and the hospital has a reasonable assurance that it will receive a certain dollar amount in a defined time frame from a payer. However, with patient payment, there are a lot of unknowns, even if the patient has insurance coverage. For instance, depending on a patient's ability to pay, there may be a payment plan, discount, or financial aid. There are also no required time frames for payment. As such, patient obligation gives the provider no assurance that payment is going to be made.

### How do self-pay collections differ from other patient payment collections?

**Sundall:** For the most part, Sanford handles patient payment the same way whether an individual has no insurance or whether he or she is covered but is struggling to make deductible or coinsurance payments. For true self-pay patients, we try to assist the individual in finding a payer source, such as Medicaid, disability, or COBRA, but aside from that, we offer the same opportunities—prompt pay discounts, payment plans, and so on—to both groups.

**Danielle Andujar:** We take a slightly different approach to collections for self-pay versus insured patients. For instance, we meet with inpatients who have balances after insurance while they are here, educating them on their responsibility and requesting a payment. However, we don't try to collect from self-pay inpatients while they are on-site because we don't want them to be overwhelmed and distracted by their financial obligations. Instead, we interview them to assess their ability to pay and determine Medicaid eligibility. For outpatient services, we contact self-pay patients before rendering the service to inform the patient of the cost. For scheduled surgery cases, we partner with our clinical staff to evaluate an intervention's medical necessity and check if there is a less costly alternative.

### With a focus on consumerism, many hospitals and health systems are improving patient communications. What are some steps your organization is taking in this area?

**Sundall:** Recently, we started revamping our patient statement. We had received feedback that our statement was somewhat confusing, with a lot of information housed on the front page. The new design is much simpler and easy to understand. In addition to clearly showing patients what they owe, it also highlights how to get questions answered and the multiple avenues we make available for paying the bill.

**Essex-Willocks:** We have started providing more education to patients about their responsibility. One thing we've noticed about high-deductible health plans is that the patients who have them are frequently unaware of how they work. In some instances, the patient doesn't even realize he or she owes money, especially if it is an individual's first time with insurance. This creates a high level of confusion that we continuously work to address. We do not want patients to be surprised by their healthcare bill, and we have found that having financial conversations early and often is the best way to avoid confusion. To enable these conversations, we give patients an estimate of their services and expected benefits before the visit. In addition, we offer many methods for making a payment. In fact, any time we talk to a patient about his or her bill—or send it, either via paper or electronically—we provide a payment opportunity.

**Andujar:** We also use many different tactics to proactively educate patients about their financial responsibility. To facilitate these conversations, we use a letter that provides definitions and details of the payment calculation. We send this letter prior to services to help patients understand the terms we use—such as *deductible*, *coinsurance*, and *copayment*—and also the specific amount they owe and how we came up with that figure.

**Fichtner:** When you boil it down, hospitals and health systems need to provide clarity to patients on what they owe and what payment options they have. Communications must be actionable, so they drive the patient to make a payment pre-care. We are working to help organizations shift patient financial conversations up-front through eligibility and estimation software, which allows organizations to determine the patient's coverage and then generate an estimate based on the anticipated services. This is certainly an evolving aspect of patient payment, and it is never going to be an exact science, but having some sort of estimate allows the organization to have financial conversations early in the encounter, which not only improves patient understanding but also increases the likelihood that a patient will make a payment.

  

**In addition to elevating patient financial communications, hospitals and health systems are expanding payment convenience for patients. In that light, what are some steps hospitals can take to make payment *processes* easier?**

**Essex-Willocks:** Healthcare organizations are trying to meet consumer expectations set by other industries, striving to provide convenient payment options and the ability to manage functions online. Although every consumer would like payment to be easy and convenient, how they define that convenience varies from person to person. Consequently, an organization must provide multiple payment venues, including via point of service, a call center, the mail, telephone, online tools, and mobile solutions. While we offer all these payment avenues, we try to take things a step further. For example, we also use tablets to quickly and securely collect inpatient payments. Our financial counselors run the patient's credit card right at the bedside using an encrypted card reader, which makes it easy to collect secure payments because the counselor does not have to leave the room with the card and run it somewhere else. We can also set up payment plans at the bedside, which further encourages patient payment.

**Sundall:** We also aim to provide as many payment options as possible, often leveraging new and emerging technology. For instance, we just submitted a request for proposal for a dialer/IVR [interactive voice response] product. I think there are a number of patients out there who just want to pay their bill by calling us and entering information into their mobile device.

**Andujar:** We offer a program that stores credit card information for recurring, automatic payments for patient convenience so individuals don't have to continually input their credit card information to make future payments. For example, a patient could say he or she wants to make a certain payment every month, and our program would allow that to happen seamlessly. Right now, this program is in place in our ambulatory setting and we are looking at it for the acute side.

**Fichtner:** While all the mobile, high-tech solutions are a huge advantage, organizations should not replace the more traditional methods of patient payment, such as receiving cash, checks, or money orders at the point of service or after the statement is mailed. When working with healthcare organizations, we examine all points where a patient could make a payment and ensure they have the capabilities to accept secure payments at these times and places.

**Sundall:** It's becoming increasingly apparent that hospitals have to provide diverse payment venues in order to stay competitive. In some ways, this could be a niche for a provider that differentiates its services from others. If patients feel that making payments is straightforward and easy, it can give the provider an advantage over the competition.

**As with other purchases, consumers want to be sure that their personal financial information will be secure when they pay for healthcare services. What can hospitals do to support secure transactions?**

**Fichtner:** First and foremost, we recommend hospitals and health systems stay abreast of the PCI [Payment Card Industry] guidelines that govern credit card transactions. Also, they should verify that their vendors are PCI certified and authenticated as well. This may involve checking multiple systems in a facility. For example, in many organizations, there are practice management solutions, EHRs [electronic health records], and revenue cycle tools that interface with patient financial information, and organizations must make sure that any system that is part of the patient payment stream is PCI compliant.

**Essex-Willocks:** It's important to be diligent when verifying whether vendors are PCI compliant. Just trusting them to self-attest can be dangerous. Instead, organizations should ask for and review a vendor's security credentials, which should be independently validated by a reputable security firm or industry organization, such as the Electronic Healthcare Network Accreditation Commission.

**Chad Bloomberg:** Our organization takes a conservative approach to PCI compliance. We reviewed all the rules and decided what was in scope and out of scope for patient financial transactions. Based on this review, we attested to a level that we felt represented appropriate security. During this process, we discovered that our credit card terminals didn't have the encryption capabilities we felt were necessary, so we recently made an investment in machines that have the highest encryption level for a consumer setting. We made the decision to go for the higher encryption because the industry is moving in that direction. We have 24,000 employees and easily more than 300,000 computers, and we wanted to make sure that any credit card information that is in our network is appropriately secured.

**Fichtner:** Encryption is undoubtedly a key element in keeping patient financial data safe. It is critical to ensure

any device that accepts patient credit cards encrypts the data at the point of interaction and keeps it encrypted until it reaches its destination. For periodic, recurring transactions, organizations should make sure the data is tokenized—substituting critical information with a non-critical element that only a specified entity can translate. That way if the information is ever compromised, it will appear in an unusable state and only the vendor would be able to turn it back into real, understandable data.

**Andujar:** Education is also essential to preserve financial data security. One thing Novant Health did was provide everyone in our system—not just financial and patient access staff—with credit card security training. Doing so allowed for greater awareness of the importance of patient financial information security. Although it is easy to see why someone in the revenue cycle or patient financial department could benefit from this training, there are also advantages for staff outside these areas. For instance, employees might have access to a patient's personal belongings or may have discussions with patients about expenses. Our health system felt it was important for all staff to be aware that maintaining the security of a patient's financial information is everyone's concern.

We also have policies governing how we accept credit card information, stressing the need to use electronic information capture whenever possible. Instead of writing down a credit card or typing it into the computer, we have credit card swipe machines so no one handles the data directly.

**Bloomberg:** Another thing to remember is to have a plan for when the credit card system is not working. It is our organization's "golden rule" to never write down a patient's financial information. As such, we would rather not accept a payment and bill the patient later than accept a payment outside of our secure credit card system. This policy reduces our risk of having patient financial information inadvertently left at our front desk or in another accessible location. We consider credit card information security to be just as critical as patient health information security. Just like nobody wants their patient health information shared, they also don't want their financial information leaked, and we respect both types of data equally.

**Essex-Willocks:** You can't underestimate the importance of keeping patient financial data safe. Not only is it the right thing to do from a compliance and ethical standpoint, but it just makes good business sense. If you experience a breach because your security measures aren't robust enough, you could take a hit in terms of patient flight.

## What do you think the future of healthcare payment processes will be for consumers?

**Essex-Willocks:** Patient balances stand to grow in the future, and hospitals will be continuing their efforts to capture money efficiently and effectively. Payment plans are also probably going to get bigger and more creative. I can even see payment processes becoming similar to those in other service industries. Imagine if patients could pay their healthcare bills like they pay their hotel bills. The hospital would provide an up-front estimate of the patient's responsibility. The individual would give the hospital a credit card to keep on file. Once the care episode concludes and the insurance claim is adjudicated, the hospital would charge the patient's credit card for the remaining balance and e-mail a receipt. Especially in our area—where we have a large number of tourists who are accustomed to traveling—this method makes sense.

**Fichtner:** Patients are demanding greater transparency about their care and financial responsibility, and they are playing a more active role than ever before. As our ability to quantify costs, share information between entities, and generate clearer financial communications grows, patients will take their place in the driver's seat, further directing what care they want and how they want to pay for it. ■